

The Coca-Cola Company

ATLANTA, GEORGIA

OFFICE OF CHIEF COUNSEL

2005 MAR -8 A 11: 34

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February 28, 2005

STEVE M. WHALEY
VICE PRESIDENT
AND
GENERAL TAX COUNSEL

ADDRESS REPLY TO
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The Honorable Donald L. Korb
Chief Counsel
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

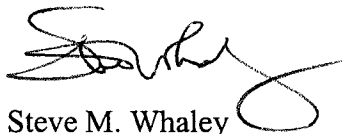
Dear Mr. Korb:

This submission responds to your request in Announcement 2004-98 for comments regarding the operation of the Advance Pricing Agreement program. We at The Coca-Cola Company ("TCCC") are very supportive of the APA Program because it has made possible the significant reduction of some foreign tax liabilities of affiliates of TCCC. The resulting reduction in foreign tax liabilities has been beneficial to the United States Treasury and to TCCC.

In our experience the APA Program is an effective tool that can be used to combat actions by foreign governments that would increase our foreign taxes, and therefore our foreign tax credits. If a foreign government challenges a deduction for royalty payments already made by a local affiliate to TCCC, the dispute may be resolved through the Competent Authority mutual agreement process, but it is likely to occur in a controversial setting, possibly after the foreign government has assessed tax, penalties and interest against our local affiliate. It is sometimes the case that such action by the foreign government in assessing the tax will become public. This is a difficult posture to resolve such an issue. In contrast, an APA seeks a future resolution of the same issue, without entrenched positions by either side. In our experience the results from the APA procedure are more likely to be consistent with the arm's length principle and therefore favorable to the United States Government and to TCCC.

Bilateral APAs are not easy. To us, the APA program, in conjunction with the Competent Authority mutual agreement procedure, is the only really effective means that we have to combat the aggressive transfer pricing initiatives that foreign governments employ all too frequently. In our view the APA Program provides a great service to the U.S. Treasury and to U.S. taxpayers.

Very truly yours,



Steve M. Whaley